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April 7, 2015

Dean Matsuura
Manager, Regulatory Rate Proceedings
Hawaiian Electric Company, Inc.
P.O. Box 2750
Honolulu, Hawaii 96840

- Re: (1) Submittal No. 15-03, In the Matter of the Application of HAWAIIAN ELECTRIC COMPANY, INC., For approval to modify the RBA Rate Adjustment in Its Revenue Balancing Account Provision Tariff
- (2) Submittal No. 15-04, In the Matter of the Application of HAWAII ELECTRIC LIGHT COMPANY, INC., For approval to modify the RBA Rate Adjustment in Its Revenue Balancing Account Provision Tariff
- (3) Submittal No. 15-05, In the Matter of the Application of MAUI ELECTRIC COMPANY, LTD., For approval to modify the RBA Rate Adjustment in Its Revenue Balancing Account Provision Tariff

Dear Mr. Matsuura:

To assist the commission staff in its review of the above-referenced submittals, please respond to the enclosed information requests no later than April 22, 2015. Your responses should be as detailed as possible.

Please contact the undersigned at 586-2020 to address any questions regarding this matter.

Sincerely,

Handwritten signature of Thomas C. Gorak in cursive.

Thomas C. Gorak
Chief Counsel

TCG:sr

Enclosure

cc: Division of Consumer Advocacy (w/ enclosure)

Dated: April 6, 2015

- (1) Submittal No. 15-03, In the Matter of the Application of HAWAIIAN ELECTRIC COMPANY, INC., For approval to modify the RBA Rate Adjustment in Its Revenue Balancing Account Provision Tariff
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Public Utility Commission of the State of Hawaii
First Set of Information Requests ("IRs")

PUC-IR-1

In its June 27, 2014 filing in Docket No. 2013-0373 - Hawaiian Electric Company, Inc. ("HECO"), 2014 Test Year Rate Case, the Company identifies changes to its accounting practices for Energy Delivery and Power Supply clearing accounts commencing January 1, 2014. In particular, at pages 96-97 of Attachment 2, the Company explains accounting changes that would result in an \$8.4 million reduction in O&M expenses in the 2014 test year.

- a. Have similar accounting changes been implemented for Maui Electric Company, Limited ("MECO") and Hawaii Electric Light Company, Inc. ("HELCO")?¹
- b. Are any of the O&M expenses or expense categories that are affected by the accounting changes included in base rates or surcharges established in the most recent test year rate case? If so, for each company, identify what O&M expenses are affected by the accounting changes, indicating amounts by category and/or account in test year base rates or surcharges.

¹HECO, MECO, and HELCO are jointly referred to as the "HECO Companies."

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- c. Are any of the O&M expenses or expense categories that are affected by the accounting changes being transferred or allocated to capital or other accounts eligible for later recovery, in full or part, outside of currently effective base rates? Please explain.
- d. Identify what expenses were transferred or re-allocated for the calendar year 2014 for each company, indicating: (1) total amounts transferred or re-allocated to each category and/or account; (2) what portions of the transferred or re-allocated amounts may be subject to recovery outside of currently effective base rates; (3) the methods of any contemplated recovery of transferred or re-allocated expenses and (4) what portions of the transferred or re-allocated amounts are included in the 12/31/2014 Adjusted Recorded amounts in the calculations of 2015 RAM Rate Base in Schedule D1 of the Decoupling Calculation Workbook Templates filed by each Company on March 31, 2015 RBA/RAM submittals.
- e. Provide workpapers and/or additional expository materials to explain the determination of the \$8.4 million reduction in 2014 test year O&M expense resulting from the accounting changes according to the June 27, 2014 filing. Include an explanation and breakdown of what parts of the \$8.4 million adjustments are for labor expenses incurred in 2014 and what parts of are for prior years.
- f. Explain whether and how the changes in accounting practices are reflected in Submittals No. 15-03, 15-04 and 15-05 and whether and why the treatment given to the changes in accounting practices are appropriate in the context of the "capped" indexed cost recovery treatment of O&M expenses in the Revenue Adjustment Mechanism.
- g. If the Commission ultimately does not approve or disallows the changes to the HECO Companies' accounting practices for Energy Delivery and Power Supply clearing accounts commencing January 1, 2014, what changes, if any, would the Companies request regarding the 2015 RAM Period RBA accounting and RAM Revenue Adjustments?